

Impact of Settlement Agreement on CRS Pension and Retiree Healthcare Benefits

As you are probably aware, the Collaborative Settlement Agreement, which mandates changes to the Cincinnati Retirement System, was approved by the Federal District Court on October 5, 2015.

Many City employees who are members of the Cincinnati Retirement System are affected by these changes; however, some employees may be more immediately impacted due to upcoming changes in eligibility rules for retirement and retiree healthcare.

More information on these changes will be forthcoming over the next few weeks. This information is being provided now to help those employees who may be immediately impacted to make certain decisions concerning their retirement.

Who is covered by these changes?

The Settlement Agreement covers a group of CRS members known as the “Current Employee Class”. These members were actively employed on July 1, 2011 and had at least 5 years of service credit on that date.

What is new or changing?

The following changes will apply to the Current Employee Class effective January 1, 2016 (except the DROP):

- ☐ **Normal Retirement** eligibility, with unreduced benefits, will be 30 years of service at any age, OR at least 5 years of service and age 60;
- ☐ The **Benefit Multiplier** used to calculate your pension benefit will be 2.5% or 2.22%, as applied prior to 7/1/2011, for the greater of a.) 20 years of service, **OR** b.) the number of years of service credit you had as of 7/1/2011, and 2.20% for all other years;
- ☐ **Early Retirement** eligibility, with benefits actuarially reduced, will be age 55 with at least 25 years of service;
- ☐ **Retiree Healthcare** eligibility will be age 60 with at least 20 years of service, **OR** any age with 30 years of service;
- ☐ Upon your retirement, you will not receive a **cost-of-living-adjustment (COLA)**, for your first three retirement anniversary dates. Thereafter, you will receive a simple 3% fixed COLA.
- ☐ A **Deferred Retirement Option Plan (DROP)** will be added for members who have at least 30 years of service. (This program is expected to be implemented sometime during 2016.)

What do you need to consider?

- ❑ If you are eligible for Early Retirement under the current rules of age 57 and 15 years of service on or before 1/1/2016...
 - You can choose an Early Retirement on or before January 1, 2016 and still qualify for retiree healthcare coverage.
 - You will not be eligible for Early Retirement after January 1, 2016 until you have earned at least 25 years of service.
 - If you retire after January 1, 2016, you will need to be at least age 60 and have 20 years of service on the date you retire to qualify for retiree healthcare coverage.
 - If you are not eligible for retiree healthcare coverage at the time you retire, you will not be able to participate in CRS healthcare coverage for the remainder of your retirement.
 - If you retire on or before January 1, 2016, your pension benefit will be retroactively adjusted in early 2016 for the increased benefit multiplier, if applicable.
- ❑ If you are eligible for normal retirement under the current rules on or before January 1, 2016...
 - You will be eligible for retiree healthcare coverage if you retire on or before January 1, 2016 and have at least 15 years of service.
 - If you retire after January 1, 2016, you will need to be at least age 60 and have 20 years of service at the time you retire to be eligible for retiree healthcare.
 - If you are not eligible for retiree healthcare coverage at the time you retire, you will not be able to participate in CRS healthcare coverage for the remainder of your retirement.
 - If you retire on or before January 1, 2016, your pension benefit will be retroactively adjusted in early 2016 for the increased benefit multiplier, if applicable.
- ❑ If you are a member of Group C, (you were eligible to retire on or before July 1, 2011) your service requirement for retiree healthcare will remain at 15 years of service regardless of when you choose to retire.

What are the changes to the retirement eligibility rules?

❑ Early Retirement

Currently: to be eligible for Early Retirement on or before January 1, 2016, members must be at least 57 years of age and have at least 15 years of service credit.

Effective 1/1/2016: to be eligible for Early Retirement AFTER January 1, 2016, members must be at least 55 years old and have at least 25 years of service credit.

❑ **Normal Retirement**

Currently: to be eligible for Normal Retirement, on or before January 1, 2016, members must have at least 30 years of service credit **and** be at least 60 years of age, OR be at least 65 years of age **and** have at least 5 years of service credit.

Effective 1/1/2016: to be eligible for Normal Retirement, AFTER January 1, 2016, members must have at least 30 years of service credit (at any age) **OR** be at least 60 years of age and have at least 5 years of service credit.

What are the changes to the retiree healthcare eligibility rules?

Your eligibility for retiree healthcare is determined on your date of retirement. If you are not eligible for retiree healthcare coverage at the time you retire, you will not be able to participate in CRS healthcare coverage for the remainder of your retirement.

Currently: Members must have a minimum of 15 years of service credit at retirement (on or before January 1, 2016) to be eligible to participate in retiree healthcare through CRS.

Effective 1/1/2016: Members must have either 30 years service credit at retirement (on or after February 1, 2016) OR members must have a minimum of 20 years service credit AND be at least 60 years old at retirement (on or after February 1, 2016) to be eligible to purchase retiree healthcare through CRS. Members of Group C must have a minimum of 15 years of service credit at retirement.